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TREATIES AND OTHER INTERNATIONAL ACTS SERIES 12423

AVIATION

Transport Services

Agreement Between the
UNITED STATES OF AMERICA and
TURKEY

Signed at Washington November 7, 1990

with

Annexes



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)-

... the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence ... of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

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TURKEY

Aviation: Transport Services'

Agreement signed at Washington November 7, 1990; Entered into force October 22, 1993. With annexes.

¹ All footnotes herein giving citations were added by the Department of State. Other footnotes are as in the certified text except as otherwise indicated.

AIR TRANSPORT AGREEMENT BETWEEN THE GOVERNMENT
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE REPUBLIC OF TURKEY

The Government of the United States of America and the Government of the Republic of Turkey, hereinafter referred to as the Parties;

Being Parties to the Convention on International Civil Aviation and the International Air Services Transit Agreement, both opened for signature at Chicago on the seventh day of December, 1944;¹

Desiring to promote and stimulate the development of air transportation between and beyond their respective territories;

HAVE AGREED AS FOLLOWS:

ARTICLE I

Definitions

For the purposes of this Agreement, unless otherwise stated, the term:

(a) "Aeronautical authorities" means, in the case of the United States, the Department of Transportation, or its successor, and, in the case of the Republic of Turkey, the Minister of Communications and any person or body authorized to perform any functions exercised by the said Minister,

(b) "Agreement" means this Agreement, its Annexes, and any amendments thereto;

(c) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on December 7, 1944, and includes:

(i) any amendment which has entered into force under Article 94(a) of the Convention and has been ratified by both Parties, and

(ii) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time effective for both Parties;

(a) "Air transportation" means any operation performed by aircraft for the public carriage of traffic in passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;

(e) "International air transportation" means air transportation which passes through the air space over the territory of more than one State;

TIAS 1591; EAS 487; 61 Stat. 1180; 59 Stat. 1693.

(f) "Stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, baggage, cargo and/or mail in air transportation;

(g) "Airline" means any air transport enterprise offering or operating an international air service;

(h) "Designated airline" means an airline designated and authorized in accordance with Article 3 of this Agreement;

(i) "Territory" means the land areas under the sovereignty jurisdiction, protection, or trusteeship of a Party, and the territorial waters adjacent thereto;

(j) "Price" means a fare, rate or charge for the carriage of passengers (and their baggage) and/or cargo (excluding mail) in air transportation charged by air-lines, including their agents, and the conditions governing the availability of such fare, rate or charge;

(k) "User charge" means a charge made to airlines for the provision of airport, air navigation or aviation security facilities or services; and

(l) "Full economic costs" means the direct cost of providing service plus a reasonable charge for administrative overhead.

ARTICLE 2

Grant of Rights

1. Each Party grants to the other Party the following rights for the conduct of international air transportation by the airlines of the other Party:

- (a) the right to fly across its territory without landing;
- (b) the right to make stops in its territory for non-traffic purposes.

2. Each Party also grants to the other Party the rights specified in this Agreement for the conduct of international air transportation by the designated airlines of the other Party.

3. Nothing in this Article shall be deemed to grant the right for one Party's airlines to participate in air transportation between points in the territory of the other Party.

ARTICLE 3

Designation and Authorization

1. Each Party shall have the right to designate in writing to the other Party one or more airlines for the purpose of operating the agreed services specified in Annexes I and II and to withdraw or alter such designation.

2. On receipt of such designation and upon appropriate application, the other Party shall, (subject to the provisions of paragraphs (3) and (4) of this Article), without delay grant to the airlines designated the appropriate operating authorizations.

3. The aeronautical authorities of one Party may require an airline designated by the other Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities.

4. Each Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 2 of this Agreement, in any case where the said Party is not satisfied that substantial ownership and effective control of that airline are vested in the Party designating the airline or in its nationals or both.

5. Each Party shall have the right to refuse to grant the operating authorizations referred to in paragraph (2) of this Article, or to impose such conditions as it may deem necessary on the exercise by a designated airline of the rights specified in Article 2 of this Agreement, in any case where the said Party is not satisfied that the Party designating the airline is maintaining and administering the standards set forth in Article 6 (Safety) and Article 7 (Security).

ARTICLE 4

Revocation of Authorization

1. Each Party may revoke, suspend or limit the operating authorization or technical permissions of an airline designated by the other Party where:

- (a) the Party is not satisfied that substantial ownership and effective control of that airline are vested in the other Party, the other Party's nationals, or both;
- (b) that airline has failed to comply with the laws and regulations referred to in Article 5 (Application of Laws) of this Agreement; or
- (c) the other Party is not maintaining and administering the standards as set forth in Article 6 (Safety).

2. Unless immediate action is essential to prevent further non-compliance with paragraph 1 of this Article, the rights established by this Article shall be exercised only after consultations with the other Party.

3. This Article does not limit the rights of either Party to suspend, limit or condition air services in accordance with the provisions of Article 7 (Aviation Security).

ARTICLE 5

Application of Laws

1. While entering, within or leaving the territory of one Party, its laws and regulations relating to the operation and navigation of aircraft shall be complied with by the other Party's airlines.

2. While entering, within or leaving the territory of one Party, its laws and regulations relating to the admission to or departure from its territory of passengers, crew or cargo on aircraft (including regulations relating to entry, clearance, aviation security, immigration, passports, customs and quarantine or, in the case of mail, postal regulations) shall be complied with by or on behalf of such passengers, crew or cargo of the other Party's airlines.

ARTICLE 6

Safety

1. Each Party shall recognize as valid, for the purpose of operating the air transportation provided for in this Agreement, certificates of airworthiness, certificates of competency, and licenses issued or rendered valid by the other Party and still in force, provided that the requirements for such certificates or licenses at least equal the minimum standards which may be established pursuant to the Convention. Each Party may, however, refuse to recognize as valid for the purpose of flight above its own territory, certificates of competency and licenses granted to or rendered valid for its own nationals by the other Party.

2. Each Party may request consultations concerning the safety standards maintained by other Party relating to aeronautical facilities, aircrew, aircraft, and operation of the designated airlines. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards which may be established pursuant to the Convention, the other Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards; and the other Party shall take appropriate, corrective action. Each Party reserves the right to withhold, revoke or limit the operating authorization or technical permission of an airline or airlines designated by the other Party in the event the other Party does not take such appropriate action within a reasonable time.

ARTICLE 7

Aviation Security

1. The assurance of safety for civil aircraft, their passengers and crew being a fundamental pre-condition for the operation of international air services, the Parties reaffirm that their obligations to each other to provide for the security of civil aviation against acts of unlawful interference under the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944,¹ the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963,¹ the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970 and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971 form an integral part of this Agreement.'

2. The Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Parties shall, in their mutual relations, act in conformity with the aviation security standards and, so far as they are applied by them, the Recommended Practices established by the International Civil Aviation Organization and designated as Annexes to the Convention on International Civil Aviation; and shall require that operators of aircraft of their registry, operators who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory, act in conformity with such aviation security provisions. In this paragraph the reference to aviation security standards includes any difference notified by the Party concerned. Each Party shall give advance information to the other of its intention to notify any difference relating to such standards.

4. Each Party agrees that, its airlines may be required to observe the security provisions referred to in paragraph (3) required by the other Party, pursuant to Article 5 of this Agreement, for entrance into, departure from, or while within, the territory of that other Party. Each Party shall ensure that effective measures are taken within its territory to protect aircraft, to screen passengers and their carry-on items, and to carry out appropriate checks on crew, cargo and aircraft stores prior to and during boarding or loading. In the event of a particular threat, each Party shall act favorably upon any request from the other Party for reason-

¹ TIAS 1591, 6768, 7192, 7570; 61 Stat. 1180; 20 UST 2941; 22 UST 1641; 24 UST 564.

able special security measures to safeguard the security of international civil aviation.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate and mutually agreed measures intended to terminate rapidly and safely such incident or threat thereof.

6. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Article, the first party may request immediate consultations with the other Party. Failure to reach a satisfactory agreement within 15 days from the date of receipt of such request for consultations shall constitute grounds to suspend or condition the rights of both Parties under this Agreement within 90 days. When justified by an emergency, involving an immediate threat to the safety of passengers, crew or aircraft and when the other Party has not met its obligations pursuant to paragraph (3) or (4) of this Article, a Party may take interim protective action appropriate to meet the threat. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Party with the provisions of this Article.

ARTICLE 8

Commercial Opportunity

1. The designated airlines of one Party may establish offices in the territory of the other Party for promotion and sale of air transportation.

2. Each designated airline may engage in the sale of air transportation in the territory of the other Party directly and, at the airline's discretion, through its agents. Each airline may sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies.

3. The designated airlines of one Party may, in accordance with the laws and regulations of the other Party relating to entry, residence and employment, bring in and maintain in the territory of the other Party managerial, sales, technical, operational and other specialist staff required for the provision of air transportation.

4. Each designated airline may perform its own ground-handling in the territory of the other Party ("self-handling") or, at its option, select among competing agents for such services. These rights shall be subject only to physical constraints resulting from considerations of airport safety. Where such considerations preclude self-handling, ground services shall be available on an equal basis to

all airlines. Charges shall be based on the costs of services provided, including a reasonable profit. Each Party, if required by its laws and regulations, may limit the performance of ramp handling for the designated airlines of the other Party to the above-mentioned competing agents; such ramp handling services shall be available on an equal basis to all airlines.

5. Each Party shall grant to the designated airline of the other Party the right to transfer the excess receipts over expenditures earned from international transportation sales by that designated airline in the territory of the first Party in accordance with the foreign exchange regulations in force, at the official prevailing rate of exchange where such a rate exists or otherwise at the official rate of exchange applicable on the date of demand.

6. The transfer shall be effected promptly in a convertible foreign exchange acceptable to the other Party.

7. The required foreign currency for the transfer of the above mentioned receipts will be allocated or transferred by the Central Bank or any other authorized national bank of the Parties. Where a payment agreement exists between the Parties, payments shall be effected in accordance with the provisions of that agreement.

ARTICLE 9

Customs Duties and Charges

1. On arriving in the territory of one party, aircraft operated in international air services by the designated airlines of the other Party, their regular equipment, fuel, lubricants, consumable technical supplies, spare parts, aircraft stores (including but not limited to such items of food, beverages and liquor, tobacco and other products destined for sale to or use by passengers in limited quantities during flight) and other items intended for or used solely in connection with the operation or servicing of aircraft engaged in international air services shall be exempt, on the basis of reciprocity, from all import restrictions, property taxes and capital levies, customs duties, excise taxes, and (similar fees and charges imposed by the national authorities, and not based on the cost of services provided,) provided such equipment and supplies remain on board the aircraft.

2. There shall also be exempt, on the basis of reciprocity, from the taxes, duties, fees and charges referred to in paragraph (1) of this Article, with the exception of charges based on the cost of the service provided:

a. aircraft stores taken on board in the territory of either Party, within reasonable limits fixed by the authorities of the said Party, and for use on board aircraft engaged in an international service;

b. ground equipment and spare parts (including engines) entered into the territory of either Party exclusively for the maintenance or repair of aircraft used on international services by the designated airline of the other Party,

c. fuel, lubricants and consumable technical supplies destined to supply aircraft operated on international services by the designated airline of the other Party, even when these supplies are to be used on the part of the journey performed over the territory of the Party in which they are taken on board.

3. Equipment and supplies referred to in paragraphs (1) and (2) of this Article may be required to be kept under the supervision or control of the appropriate authorities.

4. The exemptions provided by this Article shall also be available where the designated airlines of one Party have contracted with another airline, which similarly enjoys such exemptions from the other Party, for the loan or transfer in the territory of the other Party of the items specified in paragraphs (1) and (2) of this Article.

ARTICLE 10 User Charges

1. User charges imposed by the competent charging authorities on the airlines of the other Party shall be just, reasonable, and non-discriminatory and equitably apportioned among categories of users. In any event, user charges shall be assessed on all airlines of each Party on terms not less favorable than the most favorable terms available to any other airline.

2. User charges imposed on the designated airlines of the other Party may reflect, but shall not exceed, an equitable portion of the full economic cost to the competent charging authorities or bodies of providing the appropriate airport, air navigation, and aviation security facilities and services, and in the case of airport charges, may provide for a reasonable rate of return after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis. Reasonable notice shall be given prior to changes in user charges.

3. Each Party shall encourage consultations between the competent charging authorities or bodies in its territory and airlines using the services and facilities, and shall encourage the competent charging authorities or bodies and the airlines to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges.

*ARTICLE 11**Fair Competition - Capacity*

(1) Each Party shall allow a fair and equal opportunity for the designated airlines of both Parties to compete in the international air transportation covered by this Agreement.

(2) In the operation by the airlines of either Party of the air services described in the Agreement, the interest of the airlines of the other Party shall be taken into consideration so as not to affect unduly the services which the latter provide on all or part of the same routes.

(3) The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

(4) Services provided by a designated airline under the present Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark and dis-embark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both Parties subscribe and shall be subject to the general principle that capacity should be related:

(a) to traffic requirements between the country of origin and the countries of ultimate destination of the traffic;

(b) to the requirements of the through airline operation; and,

(c) to the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

(5) Neither Party shall unilaterally impose any restriction on the airline or airlines of the other Party with respect to capacity, frequency, scheduling or type of aircraft employed in connection with services specified in the Agreement. In the event that one of the Parties believes that the operations conducted by an airline of the other Party have been inconsistent with the standards and principles set forth in this Article, it may request consultations pursuant to Article 12 of the Agreement for the purpose of reviewing the operations in question to determine whether they are in conformity with said standards and principles.

ARTICLE 12

Consultation

In the spirit of close cooperation, the Parties shall consult each other from time to time with a view to ensuring the implementation of, and satisfactory compliance with, the provisions of this Agreement and the Annexes thereto. Such consultations may also be requested if either Party considers it desirable to amend any provision of this Agreement and the Annexes thereto. Such consultations shall begin at the earliest possible date, but not later than 60 days from the date the other Party receives the request unless otherwise agreed. Each Party shall prepare and present during such consultations relevant evidence in support of its position in order to facilitate informed, rational and economic decisions. Any amendments so agreed shall come into force when they have been confirmed by an exchange of diplomatic notes.

ARTICLE 13

Settlements of Disputes

1. If any dispute arises between the Parties relating to the interpretation or application of the present Agreement, the Parties shall in the first place endeavor to settle it by negotiation.

2. If the Parties fail to reach a settlement by negotiation, they may agree to refer the dispute for decision to some person or body; if they do not so agree, the dispute shall at the request of either Party be submitted for decision to a tribunal of three arbitrators, one to be nominated by each Party and the third to be appointed by the two so nominated. Each of the Parties shall nominate an arbitrator within a period of sixty (60) days from the date of receipt by either Party from the other of a notice through diplomatic channels requesting arbitration of the dispute by such a tribunal and the third arbitrator shall be appointed within a further period of sixty (60) days. If either of the Parties fails to nominate an arbitrator within the period specified or if the third arbitrator is not appointed within the period specified, the President of the Council of the International Civil Aviation Organization at the request of either Party may appoint an arbitrator or arbitrators as the case requires. In such case, the third arbitrator shall be a national of a third State and shall act as President of the Arbitral tribunal.

3. Each Party shall, consistent with its national law, give full effect to any decision or award of the arbitral tribunal.

4. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Parties.

ARTICLE 14 Termination

Either Party may, at any time give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate at midnight (at the place of receipt of the notice to the other Party) immediately before the first anniversary of the date of receipt of the notice by the other Party, unless the notice is withdrawn by agreement of the Parties before the end of this period.

ARTICLE 15

Multilateral Agreement

If a multilateral agreement, accepted by both Parties, concerning any matter covered by this Agreement enters into force, this Agreement shall be amended so as to conform with the provisions of the multilateral agreement.

ARTICLE 16

Registration with ICAO

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

ARTICLE 17

Entry into Force

This Agreement and its Annexes, which constitute an integral part of this Agreement, shall enter into force after fulfillment of the constitutional requirements by each Party, on the date of exchange of diplomatic notes to this effect.'

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Washington, in duplicate, this seventh day of November, 1990, in the English and Turkish languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA: FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA: REPUBLIC OF TURKEY:

Samuel K. Skinner

Cengiz Tuncer

¹ Oct. 22, 1993. (Footnote added by Department of State.)

*ANNEX I**Scheduled Air Services**Section I*

Airlines of one Party shall, in accordance with the terms of their designation, be entitled to perform scheduled international transportation (1) between points on the following routes, and (2) between points on such routes and points in third countries through points in the territory of the party which has designated the airlines.

A. Routes for the airline or airlines designated by the Government of the United States:

(i) For passenger and cargo combination service:

From a point or points in the United States via three intermediate points in Canada and Europe to be selected by the United States 1/ to Ankara, Istanbul, and Izmir and beyond to two points (except Japan) to be selected by the United States. 1/ 3/

(ii) For all-cargo service:

From a point or points in the United States via three intermediate points in Canada and Europe to be selected by the United States 1/ to three points in Turkey to be selected by the United States 2/ and beyond to two points (except Japan) to be selected by the United States. 1/ 3/

1/ The United States has the option to change its intermediate and beyond points at any time upon giving 3 (three) months prior notice to Turkey.

2/ Two of these points are fixed. The United States has the option to change at any time its third point in Turkey upon giving 3 (three) months prior notice to Turkey.

3/ In connection with the operations on this route, designated carriers of the United States may also operate to other intermediate and beyond points without the right to carry traffic between these other points and points in Turkey.

B. Routes for the airline or airlines designated by the Government of Turkey:

(i) For passenger and cargo combination service:

From a point or points in Turkey via three intermediate points in Europe and Canada to be selected by Turkey 4/ to three points in the United States to be selected by Turkey and beyond to two points (except Japan) to be selected by Turkey. 4/ 6/

(ii) For all-cargo service:

From a point or points in Turkey via three intermediate points in Europe and Canada to be selected by Turkey 4/ to three points in the United States to be selected by Turkey 5/ and beyond to two points (except Japan) to be selected by Turkey. 4/ 6/

4/ Turkey has the option to change its intermediate and beyond points at any time upon giving 3 (three) months prior notice to the United States.

5/ Two of these points are fixed. Turkey has the option to change at any time its third point in the United States upon giving 3 (three) months prior notice to the United States. ,

6/ In connection with the operations on this route, designated carriers of Turkey may also operate to other intermediate or beyond points without the right to carry traffic between these other points and points in the United States.

Section 2

Each designated airline may, on any or all flights and at its option, operate flights in either or both directions and without directional or geographic limitation, serve points on the routes in any order and omit stops at any point or points outside the territory of the Party which designated the airline without loss of any right to carry traffic otherwise permissible under this Agreement.

Section 3

On any international segment or segments of the routes above, a designated airline may perform international air transportation without limitation as to change, at any point on the route, in type or number of aircraft operated, provided that in the outbound direction the transportation beyond such point is a continuation of the transportation from the territory of the Party which has designated the airline and, in the inbound direction, the transportation to the territory of the Party which has designated the airline is a continuation of the transportation beyond such point.

ANNEX II
Charter Air Services

Section 1

Airlines of one Party designated under this Annex shall, in accordance with the terms of their designation, be entitled to perform international charter air transportation of passengers (and their baggage) and/or cargo:

- (a) between any point or points in the territory of the Party which has designated the airline and any point or points in the territory of the other Party; and
- (b) between any point or points in the territory of the other Party and any point or points in a third country or countries provided that such traffic is carried via the carrier's homeland and makes a stopover in the homeland for at least two consecutive nights.

In the performance of services covered by this Annex, airlines of one Party designated under this Annex shall also have the right: (1) to make stopovers at any points whether within or outside of the territory of either Party; (2) to carry transit traffic through the other Party's territory; and (3) to combine on the same aircraft traffic originating in one Party's territory with traffic that originated in the other Party's territory.

Each Party shall extend favorable consideration to applications by airlines of the other Party to carry traffic not covered by this Annex on the basis of comity and reciprocity.

Section 2

The designated airline or airlines of one Party performing charter air transportation originating in its own territory shall comply with the charter laws, regulations, and rules of that Party. The designated airline or airlines of one Party performing charter air transport originating in the territory of the other Party shall comply with the charter laws, regulations, and rules of the other Party. If a Party applies different rules, regulations, terms, conditions, or limitations to one or more of its airlines, or to airlines of different countries, each designated airline of the other Party shall be subject to the least restrictive of such criteria with respect to its charter operations originating in the territory of that other Party.

However, nothing contained in this Annex shall limit the rights of one Party to require the designated airline or airlines of the other Party to adhere to requirements relating to the protection of passenger funds and passenger can-

cellation and refund rights, or adherence to requirements established in the interests of national security.

Section 3

Either Party may require a designated airline of the other Party, in respect of the carriage of traffic from the territory of that other Party on a one-way or roundtrip basis, to submit a declaration of conformity with the laws, regulations and rules of that other Party referred to under Section 2 of this Annex or of a waiver of these regulations or rules granted by the aeronautical authorities of that other Party.

ANNEX III

Principles of Non-Discrimination within and Competition among Computer Reservation Systems

Recognizing that Article 11 (Fair Competition - Capacity) of the U.S. - Turkey Agreement guarantees the airlines of both Parties "a fair and equal opportunity to compete,"

Considering that one of the most important aspects of the ability of an airline to compete is its ability to inform the public of its services in a fair and impartial manner, and that, therefore, the quality of information about airline services available to travel agents who directly distribute such information to the travelling public and the ability of an airline to offer those agents competitive computer reservations systems (CRSs) represent the foundation for an airline's competitive opportunities,

Considering that it is equally necessary to ensure that the interests of the consumers of air transport products are protected from any misuse of such information and its misleading presentation and that airlines and travel agents have access to effectively competitive computer reservations systems,

Have reached the following understandings with respect to the international scheduled passenger services under the Agreement:

1. The Parties agree with respect to the CRSs with integrated primary displays that:

(a) Information regarding international air services, including the construction of connections on those services, shall be edited and displayed based on non-discriminatory and objective criteria that are not influenced, directly or indirectly, by airline or market identity. Such criteria shall apply uniformly to all airlines.

(b) CRS data bases shall be as comprehensive as possible.

(c) CRS vendors shall not delete or modify information submitted by participating airlines; such information shall be accurate and transparent; for example, code-sharing and change-of-gauge flights and flights with stops should be clearly identified as having those characteristics.

(d) All CRSs which are available to travel agents who directly distribute information about airline services to the travelling public in either Party's territory shall be entitled to operate in conformance with the CRS rules that apply in the territory where the CRS is being operated.

(e) Travel agents shall be allowed to use any of the secondary displays available through the CRS so long as the travel agent makes a specific request for that display.

2. A Party which allows a multi-access CRS to be operated in its territory without a fully functional neutral, integrated display shall require that the partition of an airline which owns or is affiliated with such a CRS, as well as the airline offering the most scheduled services in that Party's territory, shall include at least one display that processes information on international airline services in compliance with the requirements of paragraph (1). This display must be as easy to access and as fully functional as any display maintained by the airline based on carrier identity, and its data base shall contain accurate information, be as comprehensive as possible, and not favor the services of the airline whose partition is being accessed. This display shall be presented to the travel agent accessing the airline's partition unless the agent specifically calls up a different display for each individual transaction.

3. A Party shall require that each CRS vendor operating in its territory allows all airlines willing to pay any applicable non-discriminatory fee to participate in its CRS. A Party shall require that all distribution facilities which a system vendor provides shall be offered on a non-discriminatory basis to participating airlines. A Party shall require that CRS vendors display, on a non-discriminatory, objective, carrier-neutral and market-neutral basis, the international air services and fares of participating airlines in all markets in which they wish to sell those services. Upon request, a CRS vendor shall disclose details of its data base update and storage procedures, its criteria for editing and ranking information, the weight given to such criteria used for selection of connect points and inclusion of connecting flights.

4. CRS vendors operating in the territory of one Party shall be entitled to bring in, maintain and make freely available their CRSs to travel agencies or travel companies whose principal business is the distribution of travel-related products in the territory of the other Party, if the CRS complies with these principles.

5. Neither Party shall, in its territory, impose or permit to be imposed on the CRS vendors of the other Party more stringent requirements with respect to access to and use of communication facilities, selection and use of technical CRS hardware and software, and the technical installation of CRS hardware, than those imposed on its own CRS vendors.

6. Neither Party shall, in its territory, impose or permit to be imposed on the CRS vendors of the other Party more restrictive requirements with respect

to CRS displays (including edit and display parameters), operation, or sale than those imposed on its own CRS vendors.

7. CRSs in use in the territory of one Party, which comply with these principles and other relevant non-discriminatory regulatory, technical, and security standards, shall be entitled to effective and unimpaired access in the territory of the other Party. One aspect of this is that a designated airline shall participate in such a system as fully in its homeland territory as it does in any system offered to travel agents in the territory of the other Party. Owners/operators of CRSs of one Party shall have the same opportunity to own/operate CRSs, which conform to these principles, within the territory of the other Party as do owners/ operators of that Party. Each Party shall ensure that its airlines and its CRS vendors do not discriminate against travel agents in their homeland territory because of their use or possession of a CRS also operated in the territory of the other Party.